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Insurance

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(Before Toronto Chapter, February 15, 1932.)

YOU have invited me to address you this evening on Insurance, which as you know, is an exceptionally broad subject and it, therefore, has been rather difficult to pick out the phases of it which may interest you. The "Reader's Digest" of February of this year states that there are over ten thousands different hazards that can be covered by the many forms of insurance now in use, but I am going to confine my remarks mainly to features of fire and casualty insurance.

Until a few years ago the problems of insurance, both fire and casualty did not receive full and proper consideration from executives, but recently they have been getting much more attention from the buyer.

Insurance is a basis of credit. The necessity of fire insurance is so generally recognized that no loan company will make advances on improved real estate without having assigned to them as security, policies for approximately the insurable value of the property. Banks, when making advances on shipments, obtain as a matter of course, policies for practically the full value of the merchandise and, when granting large lines of discount to customers, they frequently ask for assignment of fire insurance policies. Merchants, therefore, in granting large lines of credit to customers, should see that the latter are adequately insured, and should hold policies payable in their favor.

It is in my opinion, the duty of an auditor to report, not only whether the property and hazards of the clients whose books he is auditing, are adequately and properly insured, but also whether his clients' large outstanding accounts are collaterately secured by policies of the borrowers.

The loan companies and banks, as already pointed out and the large mercantile firms, especially the Association of Credit Men, are fully alive to the importance of this question. There are still, however, a large proportion of business men who either fail to insure adequately, or who entrust this important function of their business to the care of inexperienced agents. This still existing tendency, which is much to be deplored, makes it very necessary on the part of the auditor to examine into all matters of insurance, and if need be, to call in the service of an expert.

This is the day of specialization. No one person has the intellect to master all the detail and knowledge of one class of business that has been produced by centuries of effort. Today the learned professions and the crafts alike find their work subdivided into specialized departments and the insurance business which was looked upon once as a side line has now become one of the most intricate and important branches of commercial life.

Insurance Agency

The modern and progressive Insurance Agency has a staff of trained and experienced men having a knowledge of the real nature

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and interpretation of insurance contracts, as well as the law and practice of the insurance business. They must be acquainted with technical processes and the hazards created and should be able to advise how to minimize these dangers. They should have a real knowledge of all kinds of building construction and fire preventative and protective measures. The fire, casualty, life and marine insurance organizations must be up-to-date on the ever changing rating schedules and coverages.

It is, therefore, in my opinion only ordinary good business policy that the alert business executive should call to his assistance a competent insurance organization, especially as he can do so without cost to himself and often effect a saving. He would thus avoid the pit-falls that awaits the layman who undertakes to place his own insurance, or who places it with inexperienced agents, from whom he would not get real insurance service that is so easily obtainable.

It would not be a good thing if we all attempted to be our own physicians, to whom none of us grudge paying a comparatively substantial fee for sound advice; so why, when sound insurance advice can be obtained at no cost to you, should you accept anything but the best.

This paper is not intended to take the place of expert advice. No treatise can take the place of a life time of study and experience or provide for every contingency. Only the fringe of the subject can be touched upon to show how necessary it is, in the interests of your client, to see that only competent and qualified Insurance Advisors are permitted to arrange and place insurance.

Complexity of present day mercantile affairs has created a demand for various new kinds, classes and forms of insurance designed to compensate or indemnify the public in a ready and satisfactory manner.

Problems of the Assured

The writer attended a meeting of the American Management Association in Boston last fall at which various insurance questions were discussed from the standpoint of what is best for the Assured. This American Management Association, as you no doubt are aware, is an organization of outstanding corporations and business Executives. At its conferences all problems of management, including organization, financing, producing and selling are discussed in open meetings.

One question discussed was "What is the best inside organization set-up for handling insurance?" The conclusion was that the executive in charge should have special qualifications, initiative, vision and fairness and be convincing enough to maintain his position when the facts warrant it, which necessitates wide experience and good judgment. A financial executive is the logical individual for this position and the division of responsibility by departments was not felt advisable, but consultation and co-operation of Managers in charge of departments is absolutely essential.

Another question discussed at this meeting was "Which type of insurance service will give the best results, insurance advisors or agents, or direct dealing with the insurance companies, developing an insurance manager with the organization who is well versed on insurance matters?" A few felt that the insurance advisors should have no direct benefit from the sale of insurance, both this does not work out satisfactorily in practice as the expense of employing an independent insurance advisor is unnecessary when the same service and advice may be obtained from a competent insurance agency organization without the payment of a fee if that organiza-

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tion is given the placing of all the client's insurance.

Incidentally, as a concrete example of how this would work out—this already being public knowledge—The Toronto Transportation Commission, on our recommendation, made improvements at their Lansdowne division in 1921, including the installation of a sprinkler system, at an expenditure of about \$30,000. and the saving now being made amounts to \$16,000. per year. In 1921 the Toronto Railway Company carried approximately \$10,000,000. of insurance at a premium cost of \$96,000. and in 1922 the Commission's cost for increased amount of insurance was \$116,565. Today after making numerous improvements the total insurance carried is approximately \$20,000,000., but the premium charge is only \$25,000. If, therefore, a fee was charged based on results obtained, you can see that this would be highly profitable to an insurance organization and fairly expensive to the assured without getting any better results.

The delegates at this meeting in Boston had to admit, after a frank discussion, that the really competent agents could be of invaluable assistance to the assured and give service that is not obtainable by dealing with direct writing insurance carriers, and representatives of such organizations in attendance at the meeting did not deny this fact. It was readily admitted that the assured's insurance manager could not possibly keep up with the many changing conditions in the insurance business of today. It was the consensus of opinion that the best plan of handling insurance was to select a competent insurance agency organization to act as insurance buyer and advisor for the client, submitting the plans of insurance required to meet the needs of the client's business and at the same time advising against coverages that are not really necessary.

Then the question was brought up at the meeting "What are the essential qualifications of a good insurance agent or advisor and is it advisable to place all insurance with one agency?" The answer was that a general all-round knowledge of insurance coverages of the insurance business is a primary requisite, and also that the agent must have a good standing with insurance companies, possess judgment and tact, and in addition be permanently established in the business. These qualifications can only be obtained after years of experience and study and association with the companies represented, and of dealing with rating authorities. The unanimous opinion was that the placing of insurance should be concentrated in one agency, because there is far less chance of errors, if one firm is responsible.

A competent agency organization should have a staff made up of members who have had a practical knowledge, training and experience in the different classes of insurance so as to give a combination that will be able to deal with every type of insurance. In addition it should have a staff of specially trained and qualified engineers to take care of the technical details of sprinkler systems, which itself requires intensive and extensive training, and for the handling of schedule rating of plants and all other features that enable an agent to take care of all the various details that arise in connection with the proper arrangement and placing of the insurance.

Insurable Values and Appraisals

At this meeting in Boston they also wished to know if it was necessary to have a perpetual appraisal or one of recent date to insure the collection of a loss. The answer was that the absence of such records, or inconsistency of book value to actual value, would not bar recovery. Naturally, however, perpetual appraisals would be of great help in preparing proofs of loss. Appraisals if correctly

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made for insurance purposes, and not for amalgamations or other business reasons, are very valuable in case of loss.

A mistake is often made by the assured in determining the proper value for insurance purposes. The cash value at the time of the fire is what it would cost to reproduce the damaged property with like kind and quality and have it set-up ready for operations as it was on the day of the fire, less a fair reduction for depreciation and obsolescence. Fair market value is ordinarily taken as proof of actual cash value. Cost of property may be of some use as a guide to present value, but is very often misleading. Many concerns for good business purposes write off very heavy depreciation on buildings, machinery and stock to take care of uncertain business conditions, therefore, book figures are often of little use in arriving at the correct amount of insurance to be carried.

Insurance is indemnity and the insurance company must give the insured enough money to replace the property in the same condition as it was on the day of the fire, or pay enough money to replace with new material of like kind and quality after allowing for reasonable wear, tear and obsolescence. The assured should not ordinarily make a profit, neither should he suffer loss in case of damage (except by interruption to business, which is not covered by a fire property damage policy). If the loss, is an honest one and the assured's appraisal and accounting systems are up-to-date, and he is insuring his property on the same basic value as arranged in the contract, very little difficulty, if any, is ever experienced in the settlement of a loss.

Agent or Broker

The question is sometimes asked "Is there a difference between a general agent and broker?" There is, but not as much as sometimes one is lead to believe. A general agent is one who acts in the capacity of a manager or chief agent for a district, writes all policies, inspects the risks, supervises loss adjustments and appoints and looks after canvassing agents. If the general agent performs his duties efficiently and satisfactorily to all parties and can make money for his company, the value of his connection with the company in case of loss is usually of material assistance in negotiating prompt settlements.

In my twenty-five years experience in the agency field, I have had only one loss in which it was impossible to satisfy the assured as he was positively unreasonable and after the loss was paid I cancelled the policy. A general agent is not necessarily required to deal only with the company he represents, but can secure quotations from outside markets should he feel it desirable or necessary.

A broker does not represent any particular insurance company and has no authority to bind or underwrite risks on their behalf, while an agent has the power to bind, accept and insure risks for any company represented. The agent has a closer affiliation with the company, therefore, he is in a better position to negotiate and secure more favorable consideration in case of difference of opinion as to the extent of loss.

In actual practice in this country, the large general agents act in the dual capacity of agents and brokers, but they usually place their business with companies with whom they are in close contact.

Underwriters' Association and Companies

Sometimes the question is asked "What is the difference between tariff, non-tariff, mutual and reciprocal companies?"

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Tariff companies are usually the larger and stronger companies doing a world-wide business, who have formed themselves into an association usually referred to as the "Underwriters" and with the large volume of business written, are able to compile statistics on which to base reasonable rates. The Canadian Fire Underwriters' Association was investigated by Justice Masten a few years ago who found that it was not a combine as had been alleged, and ruled that the organization was in the interests of the public and the insurance business as a whole. The "Underwriters' Association" performs many services, the expenses of which are borne by the members. They inspect waterworks and fire departments of the various municipalities, making suggestions for improvements and if carried out, the municipality receives credit in its basic or key rate. They also check up on city by-laws and electrical installations; inspect and rate individually all mercantile and manufacturing buildings throughout the entire Dominion, making charges for defects and giving credits for protection and other favorable features.

Sprinklered risks from coast to coast are inspected four times a year and because of the relatively small number, this is rather expensive. Judgment rates on these are made as each risk usually has a problem of its own. They make plans for sprinkler systems, test and approve after installation.

Non-Tariff companies do not belong to such an "Underwriters' Association" and are generally a smaller type of company who obtain their business by cutting the tariff rates by a small percentage.

Mutual Company

A mutual company does not generally have any capital stock. The policyholders or members make up the company instead of the stockholders of the ordinary stock company. The capital of mutual companies which is obtained from members is made up usually of assessable premium notes, cash or deposits. From this common fund the losses are paid.

Reciprocal or Interinsurance Exchange

Reciprocal or interinsurance exchanges are usually voluntary associations organized to write insurance for their subscribers, who are insurer and insured at the same time. The attorney-in-fact who, by means of authority conferred upon him carries on the business of the exchange and acts as the agent of each subscriber, having the power to bind each of them.

Reciprocal or interinsurance organizations are managed by what are known as "Attorneys-in-fact" who are paid a percentage on income. Therefore, they are anxious to have a large income and may underwrite and bind subscribers for very substantial liability to maintain income and to accommodate friendly and useful subscribers.

Have you ever seen a "Power of Attorney" that the reciprocal insurers have to sign? If you have not, I think it would be well worth your while to see one and ask your client's lawyer as to his opinion as to the advisability of signing such a document. Personally, I have found out to my sorrow, where I delegated my authority, or invested in some business over which I have little control, that I generally lose out.

The most of the reciprocal exchanges operating here were licensed by the Dominion Insurance Department with securities deposited, the same as the stock companies, but recently the insurance departments of Ontario and Quebec permitted these along with many other foreign mutual organizations, to operate without depositing securities and free of taxation.

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The Dominion Government is now enacting legislation to regain control of the licensing and taxing of both mutual and reciprocal organizations which I hope will place all companies operating in Canada on the same footing, which is only fair and reasonable.

Mutual and reciprocal organizations usually have as directors, some of the most prominent men in the various parts of the country because of their position and influence. I asked one of these directors once what he knew about the insurance business, and he only smiled. Personally, I agreed with the "smile." These policies usually contain an agreement that the assured are only liable for from three to five times the amount of their original deposit premium. There have been many decisions given when a "Mutual" or "Reciprocal" organization has become insolvent that the members liability is not limited, and this internal arrangement is of no account. The assured thus becomes a shareholder as in any other business and may have to pay enormous assessments.

The Associated Reciprocal Employers of Chicago was placed in the hands of the receivers in 1925 and an assessment of a little over \$2,000,000. levied on policy holders who were subscribers during the period of 1921 to 1924. The larger individual assessments were \$79,000., \$70,000., \$64,000., \$43,000. and \$36,000. on the subscribers.

I understand that this organization in 1923 had a net surplus of \$500,000. yet seven months later the total liabilities were about \$3,734,000. They had a very good advisory committee of the highest type of men, supposed to be watching the transactions of the attorney-in-fact, but it just proves the feeling that I have that the standing of the advisory board cannot be regarded as a guarantee that any exchange is being properly managed.

Rates and Expenses

The fire insurance business is one of the very few that over a period of many years have not raised prices, except on a few individual risks which reserved increased rates. The average rate in Ontario in 1913 was 1.21; in 1918 1.06; in 1923 1.00; in 1928 88c. and in 1930 80c., or a decrease of 33% in eighteen years.

Unfortunately the reductions in rates have not reduced the amount of work and expense in handling the business and, therefore, expense ratios have naturally gone up in proportion to the decrease in premium income, but the public is not penalized because the net cost has been reduced.

The superintendents of insurance and the general public do not apparently realize this fact, because they criticize the increasing expense ratio without realizing that the premiums paid by the public have been greatly reduced.

Commissions paid in Canada are often compared with those in the United States but this is absolutely unfair because of the large premiums paid there on individual risks due to concentrated values and the enormous premium volume. A Canadian branch of an American firm doing a Dominion-wide business pays a fire premium here of under \$1,000. whereas in the United States the premium on the main plant alone was over \$30,000. annually, and the work involved in handling the two risks is practically the same. Therefore, it would be impractical to have acquisition costs the same as in the United States.

As an indication of the service given by an insurance agency in reducing fire rates, the average fire rate of our office in 1922 was 78c. per \$100.00, while this has been reduced to 26c. in 1931.

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Our expense ratio has naturally increased considerably as this very large reduction in the average rate is largely the result of fire protection improvements recommended and supervised by us, which have cost considerable in time and money through the engineering and other work involved.

The mutual and reciprocal companies claim that because of their selection of improved risks they can write this class of risk cheaper than stock companies. When I tell you that stock companies are now writing sprinklered risks at rates from 6c. to 15c. and at the same time paying taxes and dividends, that is, allowing someone else to make a profit, their claim is not substantiated because out of two hundred and eleven risks sprinklered in Ontario during the years 1929-1930, the tariff companies retained two hundred and one.

If it were not for the stock fire insurance companies general business could not be carried on, because credits could not be given by bankers, mortgage companies, manufacturers or wholesalers if there were not companies to take care of all classes of risks, i.e., if all companies only insured the improved risks.

"Factory Mutuals" ask for a primary deposit premium of from five to ten times the stock company cash premium. By securing this large primary deposit they obtain large interest earnings and, only after twenty-five years in the insurance business did I fully realize what compound interest meant. I think many of the business people buying this class of insurance would be greatly surprised if they figured out the difference in cost of insurance that this means, especially as the banks charge monthly on overdrafts and the money tied up in these deposit premiums could be used in the business.

The "Boston Mutual," which is one of the largest of the New England Mutuals, met a serious reverse in 1914 at the Naumkeag Mills where in \$3,300,000 loss it was found that their loss was \$800,000 net, with a surplus at that time of only \$1,050,000. Their returns dropped from 95% to 67% as a result of this catastrophe. May I ask what would happen if a conflagration occurred in one of the frame New England towns where it is believed that this group of companies has a liability ranging from \$35,000,000 to \$50,000,000? There are only a limited number (about thirty I believe) of these companies operating in this group and they must, therefore, carry tremendous net lines in some of these areas.

What would you, as an auditor, think of any client of yours, who would grant credit of \$800,000 to any one customer, he only having a surplus of a little over \$1,000,000? Do the charters of your clients permit them to enter into the insurance business, and should a large assessment be made, would the directors be responsible?

There is no way of guessing the insurance business, as experience is only a guide. After a wonderful twenty-eight year record in California where the loss ratio was around 30%, the companies lost, in one week, the entire profits of a ten year period of all the fire insurance companies doing business in the United States. You often hear that New England mutuals do not write in any conflagration areas, but when Toronto burnt in 1904, they lost in one risk over \$200,000 and believe have now from three to five and a half million dollars in the conflagration area in Toronto.

Insurance Contract

The assured should be the owner of the property or have an insurable interest in it which would be recognized by law, and this

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should be thoroughly investigated and policies written accordingly. As the question of insurable interest is somewhat involved, where the interest of the assured is other than that of absolute ownership, it is necessary to fully state it in the policy. More latitude is allowed in connection with insurance on stocks, but in such a case the usual "Commission Clause" must be inserted to cover property for which the Assured have agreed to be responsible, or for which they are responsible under trade practice.

Non-concurrence of policies is dangerous and all policies covering the same property should read the same. Non-currency usually gives trouble in any adjustment.

It should be pointed out, that in placing fire insurance for manufacturing risks, the basis of settlement of stock located at the branch warehouses or retail stores should be definitely defined in the contract, if other than laid down cost is desired to be insured.

Stocks may be insured at the selling price rather than the cost price, but this also must be stated in the contract, and if a co-insurance clause is attached to the policies, values must be calculated on the same basis.

Blanket policies covering buildings, machinery and stock are generally preferable to specific policies covering individual items. It would not do to have a clothing factory, with three separate divisions insured in three or more different companies with a separate amount on stock in each location, because, should a fire destroy say the coats in one location, what company would pay the depreciation on the other parts of the garment located in the other buildings on which no loss or damage occurred? This can easily be remedied by writing a blanket policy covering stock in the three locations under one amount.

Because of the chain and branch store operations of today, there has been evolved a blanket coverage which will cover stocks in named locations anywhere in the Dominion of Canada and there is a rider attached to the policy stating, that in case of loss, as long as the insurance is up to the amount required by the co-insurance clause within thirty-five days before the happening of the fire, the co-insurance clause will not be applicable.

The description of property insured should be broad, comprehensive and concise, rather than verbose, minute and lengthy. It should be a true description of the property and in no way mislead the insurer as to the hazards he assumes (See Statutory Condition No. 1, which reads as follows) "If any person applying for insurance falsely describes the property to the prejudice of the insurer, or misrepresents or fraudulently omits to communicate any circumstances which is material to be made known to the insurer in order to enable it to judge of the risk to be undertaken, the contract shall be void as to the property in respect of which the misrepresentation or omission is made."

Companies are not liable under the ordinary fire policies for damage by heat or smoke caused by the misapplication of heat during the process of manufacture, or what is called a "friendly fire". That is, if a damper in a grate was shut and the smoke went through the building, or if an oil furnace damper in the smoke pipe is shut and the smoke or soot permeates the building and contents, the ordinary fire policy does not cover, because the fire stayed where it was intended; but should the fire spread and become what we call a "hostile fire" the companies would be liable. In case of smoke and smudge from oil furnace, this liability will be assumed by the companies at a very small premium.

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Permissions and Warranties

These should be checked up to see that they are complied with and for example, should a plant cease to operate for more than 30 days at any one time it generally voids the policy. Some companies make it a rule to cancel their insurance as soon as a plant is permanently silent, or in other words, is not being operated. Vacancy is usually considered a change material to the risk. The Ontario Statutory Conditions restrict the use of benzine, gasoline, naphtha, gun powder, etc. and special clauses should be in the wording of the policy to take care of such hazardous materials.

Co-Insurance

A co-insurance clause should never be attached unless the assured is very sure of the value of property insured. Stated or an agreed amount of insurance is granted in lieu of the co-insurance clause on fireproof buildings, on sprinklered risks of mainly one occupancy where the rate is 15c or under. The co-insurance clause reads as follows: "It is a part of the consideration of this policy, and the basis upon which the rate of premium is fixed, that the assured shall maintain insurance concurrent in form, range and wording with this policy, on each and every item of the property hereby insured, to the extent of at least (80%, 90% or 100%, as the case may be) of the actual cash value thereof, and that failing to do so, the assured shall be a co-insurer to the extent of the amount sufficient to make the aggregate insurance equal to (80%, 90% or 100% as the case may be) of the actual cash value of each and every item of the property hereby insured and, in that capacity, shall bear their proportion of any loss that may occur."

The co-insurance clause has no effect whatsoever on the amount due the assured in the event of loss, provided the amount of insurance carried equals or exceeds the percentage required by the co-insurance clause.

The co-insurance clause affects the adjustment of a loss if the damage to the property be less than (80%, 90% or 100%) of the value and if the insurance be also less than (80%, 90% or 100%) of the sound or actual value of the property at the time of the loss.

Other Insurances

Article 8 of the Ontario Statutory Conditions states that if there is any other insurance on this property which has not been disclosed or permission granted for other insurance, the assured shall not be entitled to more than 60% of the loss in respect of such property and if for fraudulent purposes the insurance does not disclose such other insurances, the policy shall be void, so it is important to see that permission is given in the policy wordings for further insurance.

Claims under Fire Policies

The Ontario Statutory Conditions Nos. 11 to 15 state what is to be done in case of a loss. If you are called in to assist your client these conditions should be complied with. Condition No. 11 states "it is the duty of the insured to protect the property from further damage and separate as far as reasonably possible the damaged from the undamaged property." Usually the assured thinks that they have to leave everything exactly as it is until an adjuster is on the job. It should also be understood that the insuring company is not entitled to control or have possession of the insured property or the remains or salvage thereof, except under certain specific conditions, and without the consent of the insurance company there can be no abandonment of the insured property. The loss is payable within

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sixty days after the completion of the proof of loss, but ordinarily unless something unforeseen occurs the companies pay immediately on receipt of the paper from the adjuster.

In many cases the question comes up whether it is advisable to have an outside adjuster take care of the assured's interest. Practically in every loss the writer has had where one has been employed there has been unnecessary trouble in the adjustment. The assured should know the value of his stock and machinery and the processing of it better than any outside person. To arrive at the amount of the damage his accounting department, or his auditor, must get the figures together so that practically the only service that these adjusters can render is presenting the claim to the companies. The engaging of an assured's adjuster is generally unnecessary when an Agent understands his business.

In one instance I remember there was a total loss of about \$200,000, and the assured contemplated the employment of such an adjuster, who after receiving the figures from the assured would have presented these and collected a fee of between \$7,500 and \$10,000. The assured, however, prepared their own claim and on presentation of it, all details were disposed of in one day, after having been checked by several experts and the insurance companies' adjuster's fee, including all expenses was less than \$1,000.

Apparently these so-called adjusters for the assured have some way of arriving at a fire in Toronto before even the assured can telephone their agent, and in one case of my own where there was a \$2,000 loss, the insured only had \$1,200 insurance on it. The adjuster had him sign on the dotted line and then three or four days later the assured secured a cheque for \$1,200 but had to give his adjuster 5%, or \$60.00 of it for presenting his claim to the company.

Profits and Use and Occupancy Insurance

There are two forms of insurance covering business interruption caused by fire, one known as use and occupancy insurance and the other as "Profits" insurance.

You are all no doubt familiar with the "Use and Occupancy" form so I will not describe it, but will just mention the main differences between it and the profits form, which is not so well known.

"Use and Occupancy" only applies "for not exceeding such length of time as shall be required, with the exercise of due diligence and dispatch, to rebuild, repair, or replace such part of said property as may be destroyed or damaged, etc." This limitation is not in the "Profits" form and under it the insurance companies are liable until the shortage in turnover or sales caused by the fire has ceased. This gives the "Profits" form a decided advantage, as very few businesses would come back to normal as soon as the premises are repaired or rebuilt.

The only limit to the time of liability in profits is that stated in the "Period of Indemnity Clause" which usually limits it to twelve months from the date of a fire, but this period may be increased for a small additional premium if necessary.

"Use and Occupancy" requires a per diem limit of indemnity while the Profits form does not.

The usual limit is 1/300th of the amount insured. In seasonal businesses varying per diem limits may be inserted to fit the seasonal fluctuations. Most businesses fluctuate during the year and to be accurately protected under the "Use and Occupancy" form, varying

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per diem limits are necessary for different months or seasons. As a rule it is very difficult to safely set these limits without increasing the amount of insurance beyond what is actually necessary, as the amount carried must be the total of all the daily limits for the number of days each applies, that is each limit must be multiplied by the number of days it will be in force and the total of these figures in the amount of insurance required. If a lesser amount is carried, the assured would only recover that proportion of loss which the sum insured bears to the total that should have been placed.

All this trouble is avoided under the "Profits" form as it does not contain any daily limits and, therefore, automatically follows fluctuations in business throughout the year.

"Use and Occupancy" does not cover loss caused by damage to or destruction of finished stock. The "Profits" form however, does cover such loss as it measures the loss by the shortage in turnover, irrespective of whether the shortage is caused by interruption to production or destruction of finished stock or both.

The above three differences gives the "Profits" form a very decided advantage over the use and occupancy form. In a word it is broader and more elastic.

Incidentally the title "Profits Insurance" does not mean that it only applies to a business showing a profit. This title was simply adopted by the companies to distinguish it from "Use and Occupancy" Insurance. The form may be applied to any business that would be eligible for "Use and Occupancy."

The wording of the "Profits" form is quite different from that of the "Use and Occupancy" form and if the standard or basic "Profit" form is not applicable the form can be changed to fit the actual conditions of the business insured.

I would like to emphasize one feature that is common to both "Use and Occupancy" and "Profits" forms, namely to be fully protected for either a partial or total loss, the amount of insurance must be equal to the estimated total for the ensuing year of the annual amount of the fixed charges, plus the annual amount of other expenses that would not reduce in the same proportion as the turnover, plus the estimated net profit, if any.

Further, under both forms, if the business is not fully earning its fixed expenses, the amount of insurance should be equal to the proportion that is being earned, or which it is estimated will be earned, as the insurance would not apply to the proportion of expenses not being earned.

Casualty Insurance

There are so many different classes of this insurance that it is impossible to touch on all of them, but I will touch on some of the ones that I think will be of interest to you.

Direct Automobile Liability Insurance

The term "Direct Automobile Liability" is used to differentiate between the usual form of insurance and the "Contingent" or Non-Ownership forms of which I will speak later.

This type is simple enough in most cases, such as insurance on single cars or fleets, but since the new Financial Responsibility Law came into force it has created many new problems in writing correct contracts of which the average agent is ignorant. This statement particularly applies to insurance on commercial vehicles in which more than one party is interested. When an agent issues one policy in favor of two parties he is treading on dangerous ground.

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Some companies' policies exclude passenger hazard on commercial vehicles and this sometimes accounts for the lower rates.

The present automobile rates are, in my opinion, low considering present day driving conditions and the increasing amount of damages allowed by the courts. These low rates were caused by a rate war which occurred a few years ago and these low present rates are only now about equal to those of 1925.

The limits required by the Financial Responsibility Law for personal injury are \$5,000. for any one person and \$10,000. for any one accident. These limits are not adequate. For instance, on February 9th. there was a settlement reported in the paper of \$20,000. for the death of one man. He had been earning a little over \$5,000. a year and had three children, all under the age of twelve. On this basis of settlement he could not have been expected to live over four years more; and made no allowance for any increase in his earning capacity. You can see from this that the settlement was inadequate.

The tariff premium for liability for personal injury, limits of \$5,000. any one person and \$10,000. any one accident, for a medium priced car in Toronto is \$19.00, and I would just like to point out the slight increase in cost for the higher limits:

For \$10,000. and \$20,000. limits, premium is \$21.85 — or an increase of only \$2.85 over the \$5,000. and \$10,000. limits.

For \$20,000. and \$40,000. limits, premium is \$22.80 — or an increase of only \$3.80 over the \$5,000. and \$10,000. limits.

For \$50,000. and \$100,000. limits, premium is \$24.70 — or an increase of only \$3.80 over the \$5,000. and \$10,000. limits.

The minimum limits in my opinion should not be less than \$20,000. for any one person and \$40,000. in any one accident, and from there up it is just a matter of cost, and as shown above, the extra cost for the larger limits is very small.

Property Damage Liability Insurance

Covers damage to property of others, excluding that which is in the automobile or in charge of the assured or his employees. Some very interesting and troublesome situations can be imagined in regard to property in charge of employees.

Property damages claims ordinarily do not run into exceptionally large figures, but there is always possibility of your client's accident being the exception. While the Financial Responsibility Act calls for a minimum of \$1,000. you may insure for limits of \$2,500. or \$5,000. and be fairly safe. The only reason I do not suggest higher limits than these is the cost, and as a matter of precaution it is our practice to show the cost of higher limits when writing an assured and let him decide upon the amount of cover he deems advisable.

Contingent Automobile Insurance

This class of insurance is to indemnify a firm for losses that might be sustained through its legal liability for acts of its employees while driving their own automobiles on the firm's business. Should there be any doubt in your mind as to the necessity of such coverage, I can cite case after case where the employers have been sued and have been made to pay heavy damages.

Collision

In regard to collision insurance, that is damage to your own car, our usual recommendation is to buy the \$100,000 deductible cover; this means the assured agrees to assume the first \$100.00 of each

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and every claim and the company to pay the excess damage up to the actual value at the time of the loss. Full collision insurance is rather expensive and the saving effected by assuming the first \$100.-000, will in most cases more than cover all the small losses that might occur, and if you are lucky for a year or so, you will find that you are money in pocket by assuming the first \$100.00 of each claim.

Legal Liability of Contractors, Manufacturers, Owners and Tenants

This form is a very complex branch of liability insurance with extensive ramifications requiring training and imagination to adequately take care of the assured's interests.

The public are becoming more and more aware of the fact that if they are injured through no fault of their own, they stand a very good chance of effecting a recovery from the owner, tenant, or person responsible, and almost certainly in case of negligence.

Unquestionably we are beginning to feel the effects of the high judgments awarded in the United States and I fear that we will, in time, be seeing some very large judgments handed down to claimants in our courts.

Liability Insurance—Railway Sidings

This is excluded under personal injury public liability policies as such policies exclude any assumed liability under any oral or written contract. Railway companies usually have written releases relieving them of liability for injuries or damages to persons or property as a result of siding operations unless there is gross negligence on the part of the railway employees. Protection against such claims can be obtained.

Boiler Insurance.

This is a common and important form of insurance and should be thoroughly understood by the public. The boiler policy covers loss resulting from a sudden and accidental tearing asunder of the object or any part thereof caused by internal pressure of its contents, such as steam, air, water, or the sudden and accidental crushing inward of a cylindrical furnace or flue of the object, from the same cause.

This form of insurance applies to such objects as steam boilers, hot water boilers, hot water tanks, air tanks, refrigerating systems, steam vulcanizers, digesters, and in fact practically all objects operated under pressure of steam, air, or liquid.

The policy provides coverage against damage to property of the assured, and the assured's liability for damage to property of others, as well as liability for death or injury to persons.

The policy may also be extended to cover loss of income on account of inability to operate a plant, as a consequence of an accident, and it may also, where such coverage would fit, be extended to cover loss of refrigerated goods, horticultural stock, or material in process of manufacture that may be spoilt through inability to operate the plant.

There is some relationship between a boiler policy and an ordinary personal injury liability policy as both may cover the same class of loss. In this connection I would point out that, property damage being the primary coverage furnished by a boiler policy, the personal injury liability feature is so arranged as to make it apply as excess insurance over any personal injury liability insurance that may also be in effect. If, however, no general liability insurance policy is in

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force or if boiler accidents are excluded from the general liability policy that is in force, the personal injury liability under the boiler policy becomes immediately applicable.

As boiler explosions are likely to entail heavy casualties with consequent heavy liability on the part of the owner, it is advisable to make certain that a public liability policy, regardless of whether boiler insurance is carried or not, does not exclude boiler accidents. I mention this particularly as the companies do not allow any reduction in the premium for liability insurance on account of such exclusion. An arrangement of this kind furnishes maximum protection to the Assured.

In selecting limits for a direct damage boiler policy, an amount should be arrived at that would be sufficient to cover possible damage to the property exposed, and to this should be added a reasonable amount to cover possible personal injury claims.

The limit for all claims under one accident should not be less than \$10,000. and in most cases should not be less than \$25,000. especially as the additional cost is only about \$2.00 per \$1,000. for three years.

The minimum charge for a personal injury coverage is based upon a limit of \$5,000. per person. As the additional cost for a limit of \$10,000. per person is very slight, it is advisable for the Assured to take the higher limits.

An important part of the protection an assured receives under a boiler policy is the inspection service which the company renders in connection therewith. Inspections of all insured objects are made periodically by highly trained engineers. These inspections not only tend to minimize the possibility of accident but they also help materially to promote economical operation of such equipment, particularly in the way of saving fuel and in avoiding premature deterioration with resultant expensive repairs.

The insurance, combined with the inspections, forms a combination that is well worth the cost involved.

All boilers in this province, and by "Boilers" is meant any vessel used under pressure of steam, gas, air, or liquid, must be either insured in a licensed boiler insurance company or inspected annually by a government inspector or some other person authorized by the government. The only exclusions from this requirement are boilers used for heating purposes in private residences or boilers used on farms for agricultural purposes.

As already pointed out, an accident, to be covered by the policy, must be due to internal pressure of the contents of the object. In connection with boilers, particularly those in which oil or pulverized coal is used as fuel, there is an additional hazard in the nature of explosion due to ignition of the gases in the combustion chamber, flues, or passages of the boiler. Unless this hazard is specially included and a premium paid for it, the policy would not apply to losses from this source.

Cracking of cast iron sections of boilers is not covered, unless an extra premium is paid therefor. In a recent loss five sections of a cast iron boiler cracked. A new boiler was installed at a cost of \$900.00. The three-year cost to include cracking was \$88.00. We had recommended that cracking be added only a month prior to loss but assured did not act on our advice.

Sometimes by amalgamation of various policies, large savings in premiums can be made and the limits of protection can be increased at a very moderate cost.

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Robbery or Hold-up Insurance.

There are three distinct classes of this type of insurance. First, "Interior Robbery", which covers funds while in the custody of an authorized person in the premises of the assured. Second, "Messenger Robbery" which covers funds outside the said premises while in the custody of an authorized person. Third, "Paymaster Robbery" which covers payroll funds inside and outside the premises while in charge of the paymaster or his assistants. This latter form also covers funds not intended solely for payroll while outside the premises up to an amount not exceeding 10% of the amount of insurance for which the policy is written.

The standard policy covers above risks during only certain specified hours, but these hours may be extended by endorsement on the policy.

All policies are void if employees are implicated as accessories in the robbery. Such a risk might be covered by a fidelity bond.

Robbery as defined in most policies means the forcible taking of property from the custodian by violence or threat of violence or when accidentally rendered unconscious.

Full twenty-four hour interior robbery and hold-up insurance is advisable because any loss sustained through an employee being compelled to return to the premises, or while being there and being forced to open the safe, would be covered by such a Hold-Up Policy.

Safe Burglary.

This insurance covers loss of property removed from a safe or vault that has been burglarized and in order to establish a claim, there must be visible evidence of forcible entry into the safe.

If the safe has been opened by the manipulation of the combination, or by picking the lock or using a skeleton key, there is no coverage obtainable under safe burglary insurance. There is also no coverage if an employee should be forced to open the safe but such loss would be covered under an interior hold-up policy, indicating the necessity of twenty-four hour hold-up insurance, as already pointed out.

Bonds.

There are many forms of bonds, classified as surety, guarantee, or fidelity. We usually find that the amount of coverage placed under fidelity bonds is insufficient and this has been proved under present day financial conditions.

The coverage provided and the conditions of the various bonds differ enormously and the assured should be fully familiar with all the conditions and requirements.

Ocean and Inland Marine Insurance.

The various matters relating to this type of insurance could easily take up an evening in itself. Some of the more important coverages are as follows:

Salesman's Sample Floater—Covers nearly all risks,
Registered Mail and Parcel Post—Covers nearly all risks,
Import and Export Cargo Policies—Cover various hazards,
Inland Transportation (Truck, express or freight)—Covers various optional risks.

Processor's risks is a form of inland marine insurance which is a special and necessary cover available for insuring property while in transit and while undergoing processing at plants of others until returned to the owner and can be made to cover many hazards. For example cloth sent to a shrinking establishment could be readily

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covered under such a policy for the hazards of fire, water damage, theft and transportation risks which include fire in transit, collision and overturning of the conveyance, theft, and pilferage.

The above classes represent an infinite number of policy forms, each a little different from the other. The various companies writing this class of business each have their own form for the same type of insurance which make it difficult to compare one coverage with another.

SOME OTHER CLASSES OF INSURANCE:

Accident & Health	Jewelry and Fur Floater
Air Craft Damage	Laundry Bundle Insurance
Electrical Machinery	Personal Effects Floater
Elevator Liability	Residence Burglary
Employers Liability (where not covered under Work- men's Compensation Act.)	Riot and Civil Commotion
Forgery and Check Alteration	Sprinkler Leakage
	Tornado and Windstorm
	Water Damage

If any points I have mentioned have cleared your mind of any misunderstanding and have brought home any truth to you, the time I have spent preparing this information, I feel will have been well spent.

Changing The Calendar — Pro and Con

BY J. W. SPENCE

Accountant, Canadian Kodak Co., Ltd., Toronto.

(Before Hamilton Chapter, November 12, 1931.)

IT is now generally known that definite steps are being taken towards simplifying the calendar by international agreement and much progress has been made to that end. In fact the Assembly of the League of Nations now in session in Geneva has the matter under consideration by the Fourth General Conference on Communications and Transit.

The movement largely originated with the International Chamber of Commerce which in 1922 asked the League of Nations to take up the question. After an investigation lasting three years, the League in 1927 invited all governments to form national committees for the purpose of ascertaining public opinion in their respective countries. Up to June 1930 twenty-four nations had organized national or special committees composed of representatives of the Governments and of the principal divisions of national activity.

The National Committee on Calendar Simplification for the United States has now completed its survey in that country and reported to the League of Nations. The American Committee found a demand for calendar improvement on the part of a large and representative body of public opinion, and reported that conditions justified the participation of the United States in an International Conference to provide for calendar simplification. The survey showed that American opinion largely favored the 13 month calendar.

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Origin of the present calendar

It may be of interest if we briefly review the origin of our present, so called Gregorian calendar.

The Egyptians are given credit for very closely determining the length of the year (365.242 days) which they divided into 12 months of 30 days each, the five extra days were devoted to festivals and the odd fraction allowed to accumulate for four years when a leap day was inserted. The month was divided into 3 ten-day periods. This was the first solar calendar.

After the Roman conquest of Egypt Julius Caesar, in 46 B.C. decided to reform the inaccurate Roman lunar calendar consisting of 30 and 29 day months alternating. With the aid of the Egyptian astrologer Sosigenes, he established a new calendar for the Roman Empire. His method was to distribute the 5 Egyptian feast days throughout the year by adding one day to every other month, i.e. January, March, May, July, September, November and because of his belief that odd numbers were lucky he took one day from February. The result was that some months had 30 days, some 31 and February only 29.

In 28 B.C. Augustus Caesar, in order to have as many days in his birth month (August) as Julius had in his (July) and probably to be known in history as having altered the calendar, took the 29th day of February and added it to August. This caused an unequal number of days to appear in the quarters and Roman landlords strongly objected. Augustus appeased their wrath by a compromise. He moved Sept. 31st to Oct. 31st, and to avoid having two 31-day months coming together, he moved November 31st to December 31st. This calendar came to be known as the Julian, and was a fixed calendar. Dr. Chas. F. Marvin, Chief of Weather Bureau and Representative of the U. S. Dept. of Agriculture on the National Calendar Committee, says in the 1931 Supplementary report on Calendar Simplification "Only three days in each month were specifically named. These were Calendis, always the first day of each year and each month, also the Nones and the Ides. These were each respectively assigned to specific places in the several unequal months. The remaining days were also specifically numbered. In a word, each of the 365 days of every year carried its own invariable designation. The leap day and the day following bore the same calendar day name. This splendid fixed calendar flourished up to the time that, under the mixed Pagan and Christian usage, the seven day week and day names at length displaced the original Roman monthly day names and subdivisions."

The seven day week was at that time used only by the Jews and did not come into general use until the third or fourth century with the spread of Christianity. Constantine the Great, about 321 A.D. recognized Sunday as a day of rest, and with the introduction of the seven day week the Julian calendar lost its fixity.

The Julian calendar was based on a 365.25 day year, with a leap year every fourth year. As the actual year is 365.242 days, .008 of a day was accumulated every year. By 1582 the accumulation had amounted to 10 days and Pope Gregory in that year decreed that Thursday, Oct. 4th should be followed by Friday, Oct. 15th, thus dropping 10 days from the calendar. He also adopted the present rule for Leap Year, which intercalates at the rate of 97 quadrennial leap days in 400 years.

England and her colonies did not adopt the Gregorian calendar until 1752 when eleven days were dropped between Sept. 2nd and 14th.

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Disadvantages of Present Calendar

The principal disadvantages of the present calendar may be summarized as follows:

- (1) The months are unequal, and these variations are the chief source of difficulties. There is a difference of 11 per cent between the length of February and that of March. There is an even greater difference between the number of working days, which is an important factor in industry.
- (2) The months do not contain a whole number of weeks, different months having fractional parts of fifth and sometimes sixth weeks. The weeks shift each year to different positions in the months. Variation in the number of pay-days in the month causes an endless amount of adjustment for the manufacturer in preparing monthly cost and burden reports. The variation of the weeks especially upsets monthly comparisons in those lines of business in which the week-end operations are heavy, such as department stores and railroads.
- (3) Lack of fixity in the calendar. Our present calendar changes each year. The day of the month falls each year on a different day of the week from one on which it fell the previous year. Holidays occur on different days of the week and a given week in one year has no corresponding week in the preceding year with which it can be accurately compared.

These shortcomings in our time measuring instrument, in use for nearly 2,000 years, have come to be felt more and more, but the inconveniences are endured by reason of custom and tradition.

The International Fixed Calendar

What is now fairly well known as the International Fixed Calendar consists of 13 standard months, each of 28 days. Every week day would fall upon the same fixed dates every month. Sundays would always fall on 1st, 8th, 15th and 22nd. Saturdays on 7th, 14th, 21st and 28th.

A new month "Sol" would be inserted between June and July, as at that time of the year the change would cause the least confusion in respect to the seasons. The 365th day would be Dec. 29th and known as "Leap Day." In Leap year the extra day June 29th would be placed between June 28th and the first day of the new month.

Numerous proposals have been advanced for the improvement of the calendar, but this plan, the work of Moses B. Cotworth continues to be preponderantly favored, at least on the North American Continent.

By the latest computation 140 industrial and commercial concerns in the U.S. and Canada have adopted the 13 period system for internal operations in order to escape as far as possible the inconveniences of the present calendar. No doubt there are many more who are not included in the record.

A recent questionnaire sent out by the American Management Association to users of the 13 period business calendar, showed that of 110 who replied, 93 were in favor of the universal adoption of a 13 month fixed calendar, 4 were opposed, 2 replied "unnecessary" and 11 were non-committal. Answers to various questions showed that while companies were unanimous in commending the 13 period system because it enabled them to make comparisons of costs, productions, sales, etc., in convenient equal units of time, and because it facilitated budgeting, the necessity of using the regular calendar for many of their transactions caused various difficulties for most of

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them. It was evident that they preferred to put up with these difficulties as much less serious than those which the 13 period system removed, and it was made clear that most of the difficulties would disappear on the universal adoption of the 13 period fixed calendar. Amongst the 13 period calendar users there is no standard of uniformity. Some companies consider it more advantageous to have their calendar periods always begin on the same day of the week from year to year rather than on a fixed date. In doing so it is necessary to exclude the one or two days in each year beyond 52 weeks, and, in order to prevent the calendar from cycling through the regular calendar, seven of these excluded days must be put back as a fifth week of one of the periods every five or six years.

Some companies choose to have their periods begin each year on the same date, regardless of the fact that each year the periods must begin on a different week day. Such calendars do not exclude the one or two extra days beyond 52 weeks, but add them each year to one of the four week periods, usually the 13th, thus keeping their calendar year in step with that of the regular calendar. Some exclude New Year's Day and always begin on Jan. 2nd, requiring only the addition of Leap Year once in four years.

Pro and Con, Objections and Answers

For purposes of discussion, Mr. A. S. May, Comptroller of the Union League Club of Chicago, has assembled in a paper the principal arguments that have been advanced against the adoption of the 13 month calendar, as proposed to the League of Nations. Mr. Meredith N. Stiles of Rochester, N.Y., an authority on calendar reform, has prepared answers which are submitted, in abridged form, with acknowledgements to both gentlemen.

Objection I. The disadvantages of the present calendar and the advantages of the proposed calendar are directed primarily at facts affecting the accounting branch of business life. As Accountants we know that in this age of standardization and specialization, it is very essential that the basis of all statistical comparison be on the same level and the element of time is one of the greatest factors entering into statistical comparison; but it would be an unwarranted interference with the business, social and religious practices of every individual in the civilized world to institute any radical reform in the method of measuring their time, merely for the benefit of statistics and business.

Answer. The disadvantages of the present calendar affect every walk of life and every individual. Calendar reform is sought for the benefit of every one.

The individual wastes time and energy in referring to calendar tables and reckoning dates. This wasted effort is endured only because of generations of use and through the habit of regarding the present calendar as an unchangeable part of the general order. Under the 13 month calendar periodical events could be fixed with precision and our personal affairs could be better regulated. An attempt to calculate one's financial status at the end of a week or month requires unnecessary time and is often a source of irritation, usually requiring the prorating of monthly income into weeks or of weekly income into months. In such prorating you may call a month 4-2/7 or 4-3/7 weeks or call a week 7/31 or 7/30ths of a month. The result is seldom satisfactory.

The time element figures largely in scientific analysis and investigation, such as the periodicity of solar phenomena, records of rainfall, temperature, vital and health statistics, the periodicity of

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diseases, etc. Studies in these fields are made difficult by the irregularities of the calendar. Conclusions are marred unless adjustments are made in comparative data to allow for variations in the months, or the fact that there is no such thing as "same week" last year, when the week is the unit.

The fact that the National Academy of Sciences, the American Association for the Advancement of Sciences, the Royal Astronomical Society of Canada and many other scientific bodies have made recommendations on calendar reform stands as proof that science finds disadvantages in the present calendar.

In the field of education the variations of the calendar make it difficult to arrange scholastic calendars. The events of the school such as commencement and vacation periods shift each year to different dates and days of the week. The World Federation of Educational Associations, which met at Geneva in 1929 adopted a resolution urging the League of Nations to take up the question of calendar reform.

Because so many industries are vitally affected by the production of the soil, it is essential that comparative statistical information as to the various phases of agriculture be available at regular intervals, correctly to disclose the trends of production as well as changes in climatic factors.

Recognizing this, the Department of Agriculture exerts itself to the fullest extent in collecting and disseminating such information. With months of unequal length, such statistical data are not truly comparable, the trends are more or less distorted. . . In the management of a farm the 13 equal months calendar would solve some of the farmer's troubles in hiring men and would avoid disputes as to rate of pay per day when hands are hired for one or two months. The business of a livestock breeder is closely allied with the calendar. Periods of gestation of different farm animals reckoned in months of the present calendar are in odd fractions of months and for a given animal the period terminates on different dates in different months. For most farm animals the periods are in multiples of weeks, so that in terms of months of the 13 month calendar, the period is either an exact number of months or an exact number plus simple quarterly fractions.

The farmer cannot find the 13 month calendar otherwise than helpful.

In the domain of labor the irregularities of the calendar cause confusion and annoyance in connection with the periods of paying wages, in the compilation of labor statistics, etc.

Workers paid by the week, who pay monthly rents, instalments, etc., experience incessant financial difficulties because their weekly earnings do not coincide with these bills.

The religious practices of a small part of the population would be affected, namely of the Orthodox Jews, Seventh Day Adventists and Seventh Day Baptists. These sects will not accept a year day calendar, because it would cause their seventh day Sabbath to fall on a different day of the week each year instead of on Saturday as at present. They hold that the perfect seven day sequence of the sabbath was divinely ordained.

Dr. J. H. Hertz, The Chief Rabbi of London, England, says in a recent pamphlet on this subject "It would penalize that section of the Jewish people which is most loyal to its religious conviction.

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With the Sabbath occurring on a different day of the week each week, and the legal compulsion of observing also the civil day of rest according to the new calendar, Jews would in fact be called upon to observe two days of rest in one week.

The economic difficulties of Sabbath observance for the majority of Jews would thus be overwhelming." He further holds that "the week goes back to the dawn of human civilization and is the most ancient and most incontestable monument of human intelligence."

Although these sects differ upon other points of doctrine derived from interpretation of the Old or New Testaments, they unite in the contention that the seven-day week is a divine, not human, institution and that to interrupt its arithmetical succession would violate a law of God.

For the great majority of the religious population however, the observance of a weekly day of rest signifies not the recognition of a sanctified number in a sequence of sunsets, but a suitable time for rest from labor and for worship of God in spirit and in truth. The adoption of the Year day principal in calendar reform would deprive no one of a regular opportunity for rest and worship. The last day "Year Day" a holiday and, if desired, an additional day for religious observance.

Objection II. There is as yet no public demand for such a reform. Public opinion in the mass does not recognize its merits and demerits. Propaganda has influenced much of the discussion.

Answer: In the sense that the ordinary individual is not "demanding" the reform of the calendar, the statement is true. History shows that beneficial reforms do not always result from a spontaneous public demand, except in cases of oppression or injustice. The adoption of standard time in 1884 was accomplished under the leadership of the railroads. Reforms are usually brought about by leadership and education and are successful when they appeal to the majority as beneficial.

The statement that propaganda has influenced much of the discussion is true. Unless it can be shown that the propaganda is false, mercenary or selfish there can be no just criticism of its use in the public interest.

Objection III. There seem to be serious objections to the 13 month division of the year from an accountant's point of view. Thirteen is a prime number and not divisible. By even weeks it is divisible only into the half and quarter year.

Answer: The quarter in the present year is not $\frac{1}{4}$ of a year. The quarters consist of 90, 91, 92 and 92 days. The first $\frac{1}{2}$ is 181 and the last half 184 days. The 13 month calendar is superior because each quarter in terms of days, weeks and months is uniform, 91 days, 13 weeks, $3\frac{1}{4}$ months. Each $\frac{1}{2}$ year is uniform, 182 days, 26 weeks, $6\frac{1}{2}$ months. It may be said that "Leap Year" and Year Day are left out of this reckoning. That is true and it is true that, although there would be holidays, they can not be left out of the reckoning for a number of activities. The last $\frac{1}{4}$ of the year would therefore contain 92 days, and the last $\frac{1}{2}$, 183 days in ordinary years. In leap years the second $\frac{1}{4}$ would also contain 92 days but the halves would each have 183 days. Nature does not permit absolute uniformity, but a very close approach to it is the proposed new calendar. It is the closest approach possible that can at the same time keep the 7 day week as a time unit and keep the calendar in step with the solar year.

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Objection IV. The disturbance of statistical accuracy is not obviated. Extra calendar days would still upset comparisons. Businesses such as public utilities and hotels must still function on the proposed blank days and must be reflected in one month or another. Holidays would continue to affect comparability. They would occur in some months and not in others.

Answer: On the contrary, the disturbance of statistical accuracy is practically obviated in many cases and nearly so in others. The extra days would be observed as holidays, and for those businesses such as stores which close on holidays, they could and would be practically ignored. For example, Sears-Roebuck & Co., who use the 13 period calendar, excludes New Year's Day from its calendar.

Those businesses which would be obliged to take the extra days into account would have to make an adjustment of only 1/28th in their comparisons with other months.

The Hotel New Yorker is doing this at the present time.

It is true that holidays would continue to affect comparability as between months of the same year. So would other fractions such as varying weather conditions. Even as to holidays, their effect on comparability would be reduced since holidays which occur on fixed dates would always fall in the same week and on the same week day.

Objection V. An additional month to the accounting department would mean one more of the following.

- Financial Statements
- Statements to Customers
- Payments to Creditors
- Payments to Customers
- Delinquent account lists
- Bank statements
- Pay Rolls
- Journal Entries
- Inventories

Answer: The cost and labor of the additional statements listed would be compensated by the advantages derived from closer control of business and increased efficiency in operation. This has been proved by the experience of over 100 corporations of different types and sizes now using private 13 period calendars, some of them for more than 30 years.

Pay rolls would be simplified as weekly and fortnightly payments would coincide with monthly and split weeks would be avoided.

Public utility companies would undoubtedly be put to additional expense for meter readings and billing to customers but against this they would receive their money oftener, also collection from delinquents would be easier as the amounts would be smaller.

Objection VI. "An endless amount of litigation may arise in connection with long time leases and other contracts involving the payment of certain sums at certain stated intervals.

Answer: No litigation could or would arise whatever. A simple adjustment table for the conversion of dates of the old calendar to the new dates would become part of the litigation establishing the new calendar. A bond maturing April 1st, 1940 would mature April 7, 1940 by the 13 month calendar. The new date would be the legal date. Such legal provisions were made on the occasions of previous changes in the calendar; the reform of Pope Gregory 1582 and the Act of Parliament establishing the Gregorian reform in the British Dominions 1752.

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Objection VII. "It would cause change and confusion in regard to all anniversary dates, birthdays, holidays and historic events.

Answer: It would cause change but not confusion. The conversion table would show each individual the now date of his birthday anniversary. Feb. 1st under the present calendar would be Feb. 4th in the 13 month calendar. There would be nothing to prevent an individual celebrating his birthday on the old calendar date, if for sentimental reasons he wished to do so.

Objection VIII. "However irrational to modern thought, the fact that the 13th of every month would occur on a Friday, in addition to having 13 months in the year, would affect those having a superstitious complex.

Answer: This objection is only good for what it is worth as a reason for not adopting the 13 month calendar. We will always have the superstitious with us and they will continue to be horrified whether or not the calendar is changed.

CHAPTER NOTES

MONTREAL

Reported by R. Schurman, C.A.

Our Chapter held its first meeting of the month at the Arts Building, McGill University, on March 3, when members of the junior class in cost accounting at the Board of Trade, and members of the Chapter, engaged in debate. The judges were Professor R. R. Thompson, C.A., Mr. D. M. Farish, C.A., and Mr. L. N. Buzzell, C.A. The subjects of debate were as follows—

- (1) A firm secured a reliable appraisal of certain buildings above their original cost value. They set up the new valuation on their accounts, with a reserve account for the increase. **RESOLVED**—That they would not be justified in writing off depreciation on the basis of the appraised valuation.

The affirmative was taken by Messrs. McKee and Racicot, and the negative by Messrs. J. P. Masterson and G. T. Bowden, Chapter members. In opening the argument, Mr. Racicot explained that two years ago when he began the subject of cost accounting, he was unable to speak English. Mr. Racicot need not make any apology for either his vocabulary or his pronunciation. The judges were unanimous in according Mr. Racicot and his partner, Mr. McKee, the decision.

- (2) A firm is considering two methods of obtaining and recording inventories—(1) A perpetual card record with physical tests throughout the year. (2) A complete physical inventory annually or semi-annually without a perpetual record. **RESOLVED**—That the first method would be more efficient and more satisfactory than the second.

The affirmative was taken by Messrs. Quinlan and Bernier, and the negative by Messrs. A. V. Madge and S. Farquharson. Messrs. Quinlan and Bernier were awarded the decision. Mr. Madge, Chapter

CHAPTER NOTES

Member, put up an exceedingly good argument for a difficult subject.

Routine was presented next, in the following resolution—

- (3) When a purchase order is issued and the usual forms are made up—Firm A forwards to its receiving department reports in blank (i.e. without information as to quantities ordered or expected). Firm B forwards similar reports with quantities entered. **RESOLVED**—That first method gives more accurate results and is more satisfactory than the second.

This subject was led by Messrs. Hannen and Landerman of the student class and the negative taken by Messrs. MacKenzie and Broomer, Chapter Members. Decision was awarded to Messrs. MacKenzie and Broomer.

The subject of Exchange, as an item of cost, was next considered in the following resolution, the affirmative being taken by Messrs. Viau and Glegg of the student class, and the negative upheld by Messrs. Smythe and Loiselle, of the Chapter—(4) A firm imports large quantities of raw materials involving considerable amounts for exchange due to difference in the currency values of the countries concerned. **RESOLVED**—That this exchange should be included as an adjustment to the cost of materials and put through the exchange accounts in the general operating statement.

Mr. Viau put up an exceedingly sound argument, which was strengthened in his rebuttal; the team work however of Messrs. Loiselle and Smythe won the decision in their favour.

This was one of the best attended meetings of the year.

The meeting on March 17th was addressed by D. M. Farish, C.A., Northern Electric Co., Ltd., on "Control of Sales and Distribution Expense." Mr. Farish, discussed a compensation plan for remuneration of salesman, advertising appropriations, distribution salaries, control of merchandise investment, and control of accounts receivable investment.

This was also the annual meeting of the Chapter. The following officers and directors were elected for the ensuing year:

Chairman, J. P. Masterson, C.G.A., Canadian Industrial Alcohol Co., Ltd.; vice-chairman, L. Rhodes, Consolidated Lithograph Manufacturing Co., Ltd.; treasurer, Rodolphe Joubert, Dominion Income Tax Dept.; secretary, R. Schurman, C.A., R. Schurman & Co. Directors: H. W. Blunt, C.A.; A. K. Fisk, Skelton & Co.; A. Broomer, A.C.A., C.A., Robt. Mitchell Co., Ltd.; L. N. Buzzell, C.A., Clarkson, McDonald, Currie & Co.; H. Douglas, Federated Press, Ltd.; P. E. Dufresne, Montreal; B. A. Dugal, Superintendent of Insurance, Quebec; S. Farquharson, A.M.E.I.C., Farquharson & Co.; G. I. Mackenzie, Northern Electric Co., Ltd.; D. R. Patton, C.A., Montreal; T. I. Smythe, David & Frere, Ltd.; P. W. Wright, Shawinigan Engineering Co., Ltd.

The following representatives for the Dominion board were named: L. Belanger, C.G.A., C.P.A., Montreal; G. T. Bowden, Steel Co. of Canada, Ltd.; R. W. Louthood, A.C.I.S., Beauharnois Power Corporation, Ltd.; L. A. Peto, Canadian Car & Foundry Co., Ltd.; J. P. Rolland, Rolland Paper Co., Ltd.; Prof. R. R. Thompson, M.C., V.D., A.C.A., C.A., McGill University.

COST AND MANAGEMENT

TORONTO

Reported by G. A. Phare

The annual meeting of Toronto Chapter was held on March 21st. The election of officers resulted as follows:

Chairman, W. M. Lane, Lever Bros., Ltd.; vice-chairman, J. W. Spence, Canadian Kodak Co., Ltd.; treasurer, S. H. Sorley, C.A., Thorne, Mulholland, Howson & McPherson; secretary, E. W. Carpenter, DeForest Radio Corporation, Ltd. Directors: F. E. Brooks, Canadian National Carbon Co., Ltd.; C. D. Dean, Imperial Oil, Ltd.; G. R. M. Dingle, Massey-Harris Co., Ltd.; B. W. Lang, Goodyear Tire & Rubber Co. of Canada, Ltd.; C. H. Pelling, C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash; G. A. Phare, Toronto; R. Presgrave, York Knitting Mills, Ltd.; C. P. Roberts, C.A., J. P. Langley & Co.; H. A. Shiach, F.C.A., Rutherford Williamson & Co.; E. E. Sparrow, Imperial Varnish & Color Co., Ltd.; R. F. Bruce Taylor, C.A., Edwards, Morgan & Co.

The following representatives for the Dominion Board were named: H. E. Guilfoyle, F.C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash; G. H. Houston, Rolph-Clark-Stone, Ltd.; T. S. Jardine, United Drug Co., Ltd.; K. A. Mapp, F.C.A., Henry Barber, Mapp & Mapp; G. M. Mulholland, F.C.A., Thorne, Mulholland, Howson & McPherson; James Turner, C.A., T. Eaton Co., Ltd.

HAMILTON

Reported by R. Dawson

The two meetings held by the Hamilton Chapter during the month of March could hardly be noted for the record attendance but, while the number present at these meetings was well below normal, it is as well to note that the cause was the influenza epidemic rather than disinterest in the affairs of the Chapter. As a matter of fact, both meetings were exceptionally good ones and those who did attend them were well rewarded. On March 3rd, W. Bruce Riddell, A.R.I.B.A. addressed the members on "The Planning and Building of a Modern Factory." Mr. Riddell's address will appear later in Cost and Management so that it is sufficient to say that his address was most complete in every detail. In addition, we found Mr. Riddell a most pleasing speaker who knew his subject thoroughly. He was bombarded with questions of all kinds at the close of the meeting and answered these questions in a most able manner.

The meeting held on March 17th, was to have been addressed by Professor Gilbert Jackson of Toronto University on the subject "The McMillan Report and the World's Ailments." Unfortunately Professor Jackson found himself unable to be present and we were compelled to fall back upon the good graces of our genial general secretary, Mr. McKague. Mr. McKague prevailed upon Mr. W. M. Lane, vice-chairman of the Toronto Chapter and who holds a responsible position with Lever Bros. of Toronto, to come along and speak. Mr. Lane chose as his subject "Labor Control" and right well did he acquit himself. He supplied every member present with a set of forms with which they were able to follow Mr. Lane in his talk and this added very much to the interest of the subject. Fol-

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lowing his talk which was very much enjoyed, Mr. Lane rather reversed the usual procedure and when questions were asked of him, he prevailed upon members of the audience to answer them. In this manner a live discussion on various labor control problems was initiated, and the meeting did not break up until closing time.

On Monday, March 28th, the newly elected executive met and elected officers as follows: chairman, A. E. Keen, C.A. of Thorne, Mulholland, Howson and McPherson; vice-chairman, A. J. Ballantyne, Firestone Tire and Rubber Co., Ltd.; secretary-treasurer, R. Dawson, The Hoover Co., Ltd. K. M. Horton, Cosmos Imperial Mills, Ltd.; H. P. Wright, Wright-Pounder & Co.; O. H. Menzel, Polymet of Canada Ltd.; A. C. Frazer, Steel Company of Canada, Ltd.; F. Moffatt, International Harvester Co. Ltd, and C. W. Berquist, Hydro-Electric Commission, will act as an executive committee in conjunction with the above named officers. The new executive plan a real membership campaign during the summer months and expect to have a materially increased membership by the time next season rolls around. Incidentally, A. J. Mouncey, the retiring chairman and M. L. Long, a retiring and hard working member of the executive, were appointed as representatives on the Dominion Board.

The closing meeting of the Hamilton Chapter will be held on Thursday, April 7th, and will be in the nature of a dinner meeting at the Royal Connaught Hotel. The guest speaker will be Mr. Martin. L. Pierce, Director of Sales Education with the Hoover Company Ltd., North Canton, Ohio and he is scheduled to speak on the subject "Sales Statistics, the First Step in Budgetary Control". Mr. Pierce has won international fame as a speaker and it is expected that a record attendance for Hamilton Chapter will be set up at this meeting.

CENTRAL ONTARIO

Reported by Carl R. Dorschell

The annual meeting and dinner of Central Ontario Chapter was held at the Garrison Club, Guelph Armouries, on March 10, 1932 at 6.30 p.m. The attendance was only fair, for an annual meeting. Following the dinner, the secretary gave a report on the Chapter's activities during the past year and also a favorable financial statement. The following officers were then elected:

Chairman—G. Earnshaw, Guelph Worsted & Spinning Mills, Ltd., Guelph; vice-chairman—C. J. Heimrich, Cluett, Peabody & Co. of Canada, Ltd., Kitchener; secretary-treasurer—C. R. Dorschell, Babcock-Wilcox & Goldie-McCullough, Ltd., Galt. Directors—C. T. Black, Canadian General Rubber Co., Ltd., Galt, E. J. Miller, Globe Furniture Co., Ltd., Waterloo, E. R. Scott, Babcock-Wilcox & Goldie-McCullough, Ltd., Galt, E. Tailby, L.A., Kitchener, C. B. Taylor, Canadian General Rubber Co., Ltd., Galt.

At the conclusion of business part of the annual meeting we were given a splendid address on "THE USE OF MACHINES IN THE MODERN BUSINESS OFFICE", by Mr. J. M. McKee of the International Business Machines Company, Toronto. In his talk the speaker demonstrated to all that it was a subject with which he was very familiar, and in his opening remarks stated that according to statistics, production efficiency had increased 51% in the 20 year period from 1910 to 1930 and that in the same period, office efficiency had decreased 17%. Another interesting fact was that from an in-

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dependent survey it had been ascertained that of all the office work done only 4% was done by machines. In reply to the often heard argument that machines cause unemployment, the speaker said that this was untrue, that machines did not cause unemployment but rather a distribution of labor. Business machines had also been the means of increasing wages. The various types of machines were then enumerated and an explanation of their uses given, starting from the well known typewriter and telephone, and concluding with tabulating machines.

Mr. McKee was called upon to answer a number of questions as regards to the adaptability of certain machines, their efficiency, accuracy, and economics effected by them. These questions were all answered very carefully and completely by the speaker. Before the meeting was closed a hearty vote of thanks was extended to Mr. McKee for his kindness in coming up from Toronto to address our chapter.

WINNIPEG

Reported by J. E. Saul, C.A.

The sixth meeting of the 1931-1932 season, being the annual general meeting, of the Chapter, was held on Tuesday, March 15th, at the Carleton Club, 23 members and guests being present.

Mr. E. J. Burleigh presented the chairman's report in which he mentioned that the Chapter had held its own, which he considered very creditable under existing conditions, and complimented the membership and programme committees for their work during the year. He looked forward to larger membership as soon as industrial conditions picked up somewhat. The secretary-treasurer, Mr. Saul, then read the financial report, and on the motion of Mr. Saul, seconded by Mr. Mundell, same was adopted. Mr. Hodson presented the membership committee's report, making reference to the loss the Chapter had sustained in the death of Mr. Logan and stating that the two or three members who had resigned had been replaced. Mr. Hodson moved the adoption of his report which was seconded by Mr. Latter and carried unanimously. Mr. McVey presented the report of the programme committee, dealing with the variety of subjects to which the Chapter had listened and making special mention of the two very interesting talks that were expected before closing down for the summer season. On motion of Mr. McVey, seconded by Mr. Nicholl, the report was adopted.

Mr. Pildrem presented the report of the nomination committee, the nominations being:—J. B. Sutherland, D. C. Hodson, W. W. McVey, J. G. Mundie, A. S. Pildrem, G. H. Sheppard, and T. E. Saul. There being no further nominations, the secretary was instructed to cast one ballot in favor of the above mentioned gentlemen.

Mr. Mundell then introduced Mr. Davidson of the Industrial Development Board of Manitoba who gave an extremely interesting talk. Mr. Davidson said that the day of the jack-of-all-trades was gone and that this was the day of the specialist. In like manner the matter of trying to induce industries to settle in a certain city by the granting of bonuses, etc., whether or not it was to the best advantage of the industry to locate there, was a thing of the past and that the needs of the industries had to be thoroughly studied and a decision made as to whether a particular location was better than another.

CHAPTER NOTES

Ordinarily the factors governing the choosing of a city ran in the following proportions:—

Markets	100
Raw Materials	79
Labor	96
Transportation	88
Power	56
Climate	27

but these varied with different industries. With very few exceptions power was not a determining factor in locating industries. Mr. Davidson distributed to the members a comparison of four sites for the location of a cement mill and with comparisons of the value of the factors entering therein. He went very fully into the requirements of one industry which the Development Board had been trying to induce to settle in Winnipeg, namely that of a beet factory, and the factors entering into this were extremely interesting. He stated that industries really were built around the men and that scores were suffering from lack of good leadership. It was amazing the number of small industries in business today. 87.2% of the industries in the United States employed less than one hundred workmen each. Industrial development called for the study of a combination of the economic factors and it was a duty to discourage unsound industries.

At the close of Mr. Davidson's address Mr. Sutherland moved a very hearty vote of thanks. In the course of his remarks he stated that it was a delight to listen to any man who was so much a master of his subject as Mr. Davidson evidently was.

Proceedings were enlivened by some well executed vocal solos by Mr. McGregor accompanied by Mr. Baxter, which were well received.

At a meeting of the directors, held on March 21, Mr. Pildrem was elected chairman, Mr. McVey vice-chairman, and Mr. Saul secretary-treasurer, with Mr. Hodson convener of the membership committee, Mr. Sheppard convener of the publicity committee, and Mr. Mundie convener of the program committee. Messrs. Mundell and Parton were nominated for membership on the Dominion board.

VANCOUVER

Reported by R. V. Kirkby

At the annual meeting of Vancouver Chapter, the following directors were elected for the ensuing year: G. R. Baird, Associated Dairies, Ltd.; H. D. Campbell, C. A.; J. S. Dull, Canadian Westinghouse Co., Ltd.; W. Griffiths, C. A., New Westminster; J. Harvey, C. A., Harvey & Chidwick; R. V. Kirkby, Associated Dairies, Ltd.; G. S. McGlashan, B.C. Sugar Refining Co., Ltd.; N. Terry, Canadian Summer Iron Works, Ltd.; M. Willis, Union Oil Co., of Canada, Ltd.

NEW MEMBERS

The following are new members of the Society:

Toronto Chapter

C. Scott, Recording & Statistical Corporation, Ltd.

Central Ontario Chapter

T. F. McNamara, Imperial Oil Co. Ltd., Sarnia, Ont.

REFERENCE LITERATURE

RECEIVED IN MARCH

CONSTRUCTION Costs, Accurate. Carl E. Dietze. Certified Public Accountant, March.

Form vs. Machine in Office Records. P. T. Lloyd. Accountant, March 12.

Lumber Accounting. A. P. Foster, C.A. Canadian Chartered Accountant, March.

Municipal Accounting in Saskatchewan, Uniform. O. J. Godfrey, F.C.A. Canadian Chartered Accountant, March.

Distribution Methods—By Hand and By Machine. W. J. Graham. Journal of Accountancy, March.

Budget, Development of the Modern Business. D. M. Rogers. Journal of Accountancy, March.

Costs in Production, Changing Incidence of A. Perry-Keene. The Cost Accountant, February.

Costing, Cutting Costs of H. Buxton, Cost Accountant, February. Labour. What is Direct? Cost Accountant, February.

Cost Accounting, Cutting the Cost of. C. W. Bennett, N.A.C.A. Bulletin, March 1.

Carpet Factory, Accounting in a. T. E. Brown. N.A.C.A. Bulletin, March 1.

Rubber Footwear, An Approach to the Problem of Cost Finding in the Marketing of. James F. Cullen. N.A.C.A. Bulletin, March 15.

Selling Activities, Development of Standards for Control of. Howard G. Greer. N.A.C.A. Bulletin, March 15.

Budget for an Investment House. Metropolitan Life Ins. Co.

Instalment Transactions, Criterion of Stability for a Business Based on. H. M. Mott-Smith. The American Accountant, March.

Automobile Assembling Factory, Accounting for. W. V. Hoag. American Accountant, March.

Motor Truck Report. K. L. Hutchison. American Accountant, March.

Coal Dealers, Ratio Check Chart for. American Accountant, March.

Time Study in Engineering. International Management Institute, January.

Seasonal Industry, Stabilization of Output and Employment in. International Management Institute, February.

Duplicating Machinery. International Management Institute, March.

Rolling Mills, Costing in. The Cost Accountant, March.

Municipal Cost Accountancy. The Cost Accountant, March.

Electric Supply Undertaking, Operating Costs in an. The Cost Accountant, March.

New Books

LIMITED Companies and Their Accounts. By Ferguson & Crocombe. Published by The Commercial Text Book Company, 383 Church Street, Toronto. 324 pages, price \$4.00.

This book deals with the special requirements of limited companies in the way of accounting. That is, it is not a complete text on accounting itself, but rather shows what is peculiar to the limited company type of organization. Beginning with a sketch of the various forms of business organization, the authors then take up the corporate accounts beginning with capital stock account, including records for calls, premiums, etc. Chapter 3 deals with legal requirements in company books. Following this, the authors cover the accounting problems arising out of various classes of stocks and bonds and the methods of issuing them, and special problems arising out of holding companies, amalgamations, re-organizations, etc. Finally, there is a chapter on "Corporation Terminology" and one on "Source and Application of Funds."

W. S. Ferguson, C.A., A.C.I.S., is professor of accounting, University of Toronto, while F. R. Crocombe, M.A., C.A., is assistant professor of accounting, University of Toronto.

Handbook of Business Administration. Published for the American Management Association, by McGraw-Hill Book Company, Inc., New York, at \$7.

This volume of 1,753 pages is a product of the American Management Association, edited by W. J. Donald, managing director of the Association. It is printed compactly on thin paper and substantially bound.

In his preface, Mr. Donald states that the American Management Association has for some time felt the need of bringing together in convenient handbook form a digest of its own publication, and also contributions covering the field of modern management methods.

The volume represents the work of over 100 contributors, and the help of an advisory committee and sub-committees; among the committee members we note A. L. MacDonald, chief accountant of the Bank of Nova Scotia, Toronto, and J. E. MacPherson, vice-president, Bell Telephone Co. of Canada.

The main divisions of the Handbook are: Marketing, Financial Management, Production Management, Office Management, Personnel Management, and General Management. Each of these divisions consists of several chapters on various phases of the subject. Numerous charts are included in the book. While the specialist cannot look for detailed treatment of his own subject, the book should be outstanding value because of the summary which it presents on every phase of administration.

Investment. By W. A. McKague, M.A. Published by The Ryerson Press, Toronto, at \$5. This volume, published as one of Queen's University Business Studies, was prepared with the co-operation of members of Canadian investing institutions and financial houses. It describes all important kinds of securities, besides dealing with the mathematics of investment, corporate organization and other points of general interest. Specimens of financial statements, and of actual bonds and share certificates, are included. The final chapter sets forth some of the widely accepted maxims of investment policy. The book runs to 353 pages, including index.

THE TREND OF PRODUCTION COSTS

THE TREND OF PRODUCTION COSTS

The Dominion Bureau of Statistics index number of commodity prices, with 1926 as the base period, declined from 69.4 in January to 69.2 in February. The main groups compare as follows:

	Feb. 1931	Jan. 1932	Feb. 1932
Foods, beverages and tobacco	78.1	63.6	63.1
Other consumers' goods	82.5	79.8	79.7
All consumers' goods	80.7	73.3	73.1
Producers' equipment	91.3	91.1	91.1
Building and construction materials	83.5	79.5	79.4
Manufacturers' materials	64.2	60.3	60.2
All producers' materials	67.7	63.8	63.7
All producers' goods	70.1	66.5	66.4
All commodities	76.0	69.4	69.2

The most important reductions in February were in the following: Furs, hides and skins, milk and its products, fats, raw silk, wool hosiery and knit goods, aluminium, copper and its products, and sulphur. The most important advances were in the following: Foreign fresh fruits, and eggs.

"You must remember, my boy, that wealth does not bring happiness," said the fatherly parson.

"I don't expect it to," answered the modern youth. "I merely want it so that I may be able to choose the kind of misery that is most agreeable to me."

* * * * *

Judge Daly—How is it you haven't a lawyer to defend you?

Prisoner—As soon as they found out that I hadn't stolen the money, they wouldn't have anything to do with my case.—

* * * * *

"Is Snake Ridge having any improvements?"

"Such would be my opinion," answered Cactus Joe. "Every census shows a decrease of population."

* * * * *

Producer (rehearsing village theatricals—"Now don't forget, Wiggs in this scene you come on intoxicated; then you get a shock that sobers you.")

Wiggs (doubtfully)—"And what if the shock don't sober me, zur?"

* * * * *

"Sam do you solemnly swear to tell the truth, the whole truth, and nothing but the truth?"

"Ah does, sah."

"Sam, what have you got to say for yourself "

"Well, Jedge, wif all dem limitations you have jes' put on me, Ah don't believe Ah has anything at all to say."

* * * * *

(Scene: A country store near the shores of Lake Erie.)

Summer Camper: I want some cold cream.

Village Store Keeper. We don't sell it.

Summer Camper: But I have often bought it here.

Village Store Keeper: Yes, we used to keep it, but since all those campers started coming here they are bothering us for it all the time, so I gave up handling it.

